

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF PIPER JAFFRAY & CO.
FOR THE TWENTY-THIRD INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Twenty-Third Interim Quarterly Fee Application of Piper Jaffray & Co. (the "Application").

BACKGROUND

1. Piper Jaffray & Co. ("PJC") was retained as financial advisor to David T. Austern, Future Claimants Representative. In the Application, PJC seeks approval of fees totaling \$300,000.00 and costs totaling \$1,180.15 for its services from October 1, 2006 through December 31, 2006.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued

January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

3. We note that PJC's Letter of Agreement states that the firm is to receive a flat fee of \$100,000.00 per month. It further states that, "...following the initial twelve (12) month period, a fee to be negotiated that is mutually acceptable to the Future Representative and Piper Jaffray, subject to Bankruptcy Court approval, for each month thereafter up through the month of the effective date of a plan of reorganization or termination of this letter agreement, whichever is first." The Order authorizing the retention and employment of PJC was entered on May 8, 2006.

4. We note that in its application, PJC seeks interim allowance of compensation in the amount of \$300,000.00, representing a monthly fee of \$100,000.00 as specified in PJC's Letter of Agreement. For the interim period, PJC states 507.5 hours of time, which computes to an effective hourly rate of \$591.13.


5. We have no objections to, or issues with, the Application, and thus we did not send an initial report to PJC.

CONCLUSION

6. Thus we recommend approval of fees totaling \$300,000.00 and costs totaling \$1,180.15 for PJC's services from October 1, 2006 through December 31, 2006.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 6th day of June, 2007.


Warren H. Smith

SERVICE LIST

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